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Sacramento-area high school dropouts' earnings fell more in recession, census data show

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The value of high school diplomas and college degrees increased sharply in the Sacramento region last year, even as school district cutbacks and rising university fees made obtaining them more difficult.

The median earnings of local residents without a high school diploma fell to \$18,394 during 2009, an 11 percent drop from 2008, new census figures show. High school dropouts made 65 cents for each dollar earned by graduates, a decline of 3 cents from the previous year.

And those with only a high school diploma earned just 54 cents for each dollar earned by those with a bachelor's degree, down 5 cents from the prior year.

A college graduate in Sacramento now generally earns as much in four months as a high school dropout earns in a year.

Those diplomas are also getting expensive – and hard to come by. The region's public four-year colleges have cut freshman enrollment and raised fees sharply. Sacramento's K-12 schools laid off hundreds of teachers, some of whom might have inspired a frustrated teen to stay in school.

The earning trend traces its roots to the housing boom and subsequent bust, which widened an

already-growing income gap between those with little education and those with a lot.

"The industries hit hardest by the downturn are construction and manufacturing," said Jeffrey Michael, director of the Business Forecasting Center at the University of the Pacific. "Those are the best sectors for people without a college education."

Since the peak of the housing boom, the Sacramento region has shed 50,000 construction and manufacturing jobs – roughly equivalent to the entire population of West Sacramento, state labor data show.

One of those jobs belonged to Russell McKinsey, whose education stopped after two years of college. "I've been a carpenter for 25 years," he said. "Anything that's made of concrete – I make the box that it goes in."

Describing commercial construction in Sacramento as "dead in the water," McKinsey has spent the past year and a half looking for any sort of job. At one point in 2007, he was making \$2,000 a week working a job in the Bay Area. When asked what sort of job he's looking for, he said, "Anything now."

Sacramento resident Jody Williams has a long job history in manufacturing and drove a forklift at a local warehouse until his pink slip arrived a couple of months ago. His high school diploma and one year of college haven't helped him enter a new stable career.

"I've been moving from job to job to job," Williams said of the past several years.

A college degree would not instantly solve all problems for Williams and McKinsey. But it would help, said Deborah Reed, research director in the Oakland office of Mathematica Policy Research.

The statewide unemployment rate for those with just a high school diploma was 12.2 percent during 2009, compared with 6 percent for those with a bachelor's degree, census figures show.

"Everyone knows folks with a bachelor's degree who have had a tough time finding a job," Reed said. "... But 6 percent unemployment is like the best year for those with less education."

The job market is worst for high school dropouts – about 19 percent of them locally are unemployed. That's not news to Cynthia Roa, who dropped out of high school after getting pregnant.

Now 37, Roa lost her longtime steady job in the downturn. Today, even fast-food restaurants and Target aren't calling her when she applies for work.

Among employers who do reply to her applications, "a lot of them are asking for me to get back into school," said Roa, a south Sacramento resident.

To give herself a better chance, Roa enrolled in Elk Grove Unified's shrinking GED program, taking classes while caring for three children, including one with autism.

She was lucky to get a slot.

In the past two years, the number of adult-education classes offered by Elk Grove Unified has dropped from 123 to 68, said Kathy Hamilton, director of Elk Grove Adult and Community Education. The culprit is steep budget cuts. Hamilton has backfilled funding for her program with grant money –

some of which will run out soon.

Because of high demand, Elk Grove allows students to enroll in its most popular adult education programs only at select, narrow times. The district has a waiting list and easily could enroll twice as many students if funding were available, Hamilton said.

"Our seats fill within 15 minutes," Hamilton said. "We have people lined up out the door."

Reed said the Census Bureau's income numbers actually underestimate the gap between those with high school diplomas and those without. That's because the bureau includes only adults with earnings in the past 12 months. Lately, many more residents without diplomas have gone longer than a year looking for a job.

Statewide, about 219,000 workers have fully exhausted all their unemployment benefits. They could have received up to 99 weeks of benefits before the clock ran out, said Patti Roberts, a spokeswoman for the state Employment Development Department.

Michael said the earnings gap will continue to grow – it has for decades already. Whether it grows as rapidly as it did during the past year depends on how quickly the construction sector recovers.

"I think we are going to see the futures of this group come back, but it's going to potentially be a very long process," Michael said.

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